



# Republican Policy Committee

Don Nickles, Chairman Doug Badger, Staff Director 347 Russell Senate Office Building (202)224-2946 <http://www.senate.gov/~rpc/>

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## Long-Overdue Medicare Trustees' Report Released Today

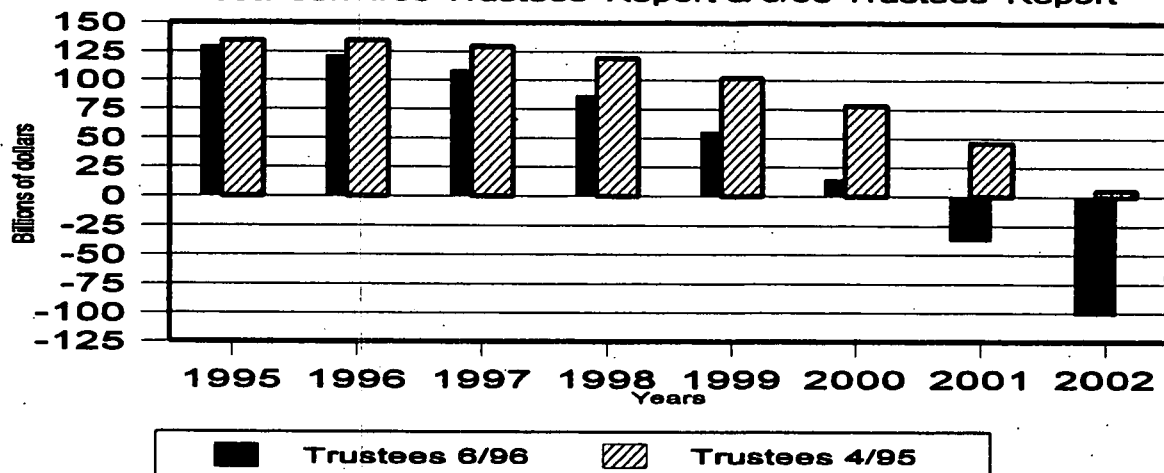
### Medicare's Financial Health Much Worse Than President Clinton Led Retirees to Believe

Last year's Medicare trustees' report was bad, predicting the program would be bankrupt after FY 2002. As bad as last year's report was, it now proves to have been quite optimistic. In fact, according to the trustees' most recent report, released just today, the program is projected to be bankrupt just five years from now — possibly running out of money as early as calendar year 2000. Over the period the President claims to want to balance the budget, Medicare will actually spend \$106 billion more than his administration had projected.

Even last year, the issue of Medicare's bankruptcy was not "If" but "When." Going broke was just a matter of time. This year's report shows that there is even less time and less money. During the year that the President wasted by playing "Medi-scare" politics instead of solving the problem, the Medicare program's financial condition deteriorated by \$106 billion for the years between now and FY 2002. President Clinton has cost the country a year in the time available for making a decision, two years' worth of program solvency, and \$106 billion in Medicare funds. It is time President Clinton quit playing politics with the Medicare system: America's seniors can't afford it.

## Path to Medicare Bankruptcy

Difference between 4/95 Trustees' Report & 6/96 Trustees' Report



	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Trustees 4/95 (I)	134.3	134.3	129.3	119	102	78.1	46	4.9
Trustees 6/96 (I)	129.5	121.4	108.4	86.5	55.7	15	-37.4	-101.4
Dif: 4/95-6/96	4.8	12.9	20.9	32.5	46.3	63.1	83.4	106.3
(I)=Intermediate								

### **Last Year's "Worst-Case" Scenario Was the Most Accurate**

- ▶ How much worse is this year's report than last year's prediction? The worst-case, or "high cost" scenario is not generally considered the estimate to use, but as it turns out, last year's "high cost" scenario was not only the most accurate of the trustees' three sets of projections, but it was still substantially more optimistic in each year than the "intermediate projection" used by the trustees in this year's report!
- ▶ In light of this, we should take seriously the worst-case or "high cost" scenario that the Clinton trustees buried in the middle of today's report.
- ▶ Under the "high cost" scenario — which was the most accurate projection last year — the Medicare program will go broke in calendar year 2000, when it will have a negative balance of \$33 billion.

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Trustees 4/95 (H)	136.5	132.61	120.81	100.9	69.5	25.5	-32.7	-107.1
Trustees 6/96 (I)	130.3	21	06	81.8	47.6	3	-53	-120.7
Dif: 4/95-6/96	6.2	11.6	14.8	19.1	21.9	22.5	20.3	13.6
(H) =High								
(I) =Intermediate								

### **President is Still Running From the Truth**

- ▶ Medicare will be broke in FY 2001. This could occur late in calendar year 2000.
- ▶ Medicare will be broke in less than five years. Last year President Clinton said it would be eight years. We have lost three years in the time available to find a solution.
- ▶ Medicare spent \$5 billion more in 1995, will spend \$13 billion more in 1996, \$21 billion more next year, and \$106 billion more in 2002 than the Clinton Administration projected last year.

And what is the President's response to his trustees' ominous news? He says Medicare can be fixed right now by taking elements of agreement between his own budget and the Republicans'. Yet, the Clinton budget does next to nothing to fix Medicare. The Congressional Budget Office says Medicare will still be bankrupt in FY 2002 under his budget — only buying a year. Even factoring-in the accounting gimmick his Administration uses that shifts funds out of the trust fund, CBO estimates Medicare will go broke in FY 2005. This isn't a "fix." It's more political posturing.

Staff Contact: Dr. J.T. Young, 224-2946